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Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Implementation of Infrastructure)
Sharing Provisions in the)
Telecommunications Act of 1996)

CC Docket No. 96-237

**OPPOSITION TO PETITION FOR RECONSIDERATION
OF GTE SERVICE CORPORATION**

GTE Service Corporation ("GTE"), on behalf of its affiliated domestic telephone operating companies, hereby submits its Opposition to the Petition for Reconsideration filed by MCI Telecommunications Corporation ("MCI") in the above-captioned docket.¹ MCI urges the Commission:

to exercise its pricing authority, and require PLECs to provide infrastructure sharing to QLECs at prices no greater than average incremental cost, exclusive of joint and common costs. The Commission should require PLECs to file incremental cost studies utilizing the methodology described in the Commission's Interconnection Order for the facilities and services requested by QLECs, and set prices at these costs.²

¹ MCI Telecommunications Corporation, CC Docket No. 96-237 (filed Apr. 3, 1997)("MCI Petition"). The Petition is requesting reconsideration of the following order: Report and Order, CC Docket No. 96-237, FCC 97-36 (rel. Feb. 7, 1997)("Order").

² MCI Petition at 5-6. In its own Petition for Reconsideration, GTE requested that the Commission reconsider requiring providing local exchange carriers ("PLECs") to negotiate on behalf of qualifying local exchange carriers ("QLECs") any licenses needed for the QLEC to share infrastructure with the PLEC. Instead, the Commission should state that, if a license is necessary to enable a QLEC to

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MCI asserts that, without Commission intervention, QLECs will not "fully benefit" from the economies of scale and scope of the PLEC.³

MCI's contentions are without merit for several reasons. First, the Commission properly concluded that "it is not necessary at this time for the Commission to adopt pricing regulations because ... the negotiation process, along with the dispute resolution, arbitration, and complaint processes will ensure that qualifying carriers fully benefit from the economies of scale and scope of providing incumbent LECs."⁴ As GTE stated in its Comments, detailed rules would be counterproductive and would prevent parties from taking into account local conditions that may affect the costs of providing service. Such rules would also hinder carriers from developing unique sharing arrangements

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utilize any shared infrastructure, the QLEC is responsible for negotiating appropriate licensing arrangements with the third party vendor so that the burden for obtaining additional licenses will be on the party best able to secure appropriate terms and conditions. Of the four other petitions filed, three requested that the Commission adopt the same position urged by GTE. See BellSouth Petition for Reconsideration, CC Docket No. 96-237 (filed Apr. 3, 1997); Octel Communications Corporation Petition for Limited Reconsideration, CC Docket No. 96-237 (filed Apr. 3, 1997); Petition for Reconsideration and Clarification of Southwestern Bell Telephone Company, CC Docket No. 96-237 (filed Apr. 3, 1997).

³ MCI Petition at 5-6.

⁴ Order, ¶ 116. In fact, the Commission expressly chose not to decide whether it has the authority to establish pricing rules under Section 259, Order, ¶ 115, and GTE believes that the statute does not grant the Commission such authority. See Comments of GTE Service Corporation, CC Docket No. 96-237, 21-22 (filed Dec. 20, 1997)("GTE Comments").

that may be especially well-suited for certain carriers in certain areas.⁵ The Commission's approach of allowing parties to negotiate individual arrangements will facilitate infrastructure sharing and, thus, the delivery of advanced services to the customers of small LECs.

Second, MCI's proposal that the Commission use TELRIC pricing to determine infrastructure sharing prices⁶ would result in QLECs not paying the full costs the PLEC must incur because of the sharing, violating the Section 259(b)(1) requirement that PLECs not be required to take any economically unreasonable action. As GTE has explained in other proceedings, TELRIC is a costing principle, not a pricing principle. Using TELRIC to determine infrastructure sharing prices would fail to take into account a number of relevant factors, such as existing costs and technology. In addition, TELRIC would not allow PLECs to recover economic costs because there is insufficient contribution to joint and common, actual, and embedded costs.

Indeed, MCI expressly urges the Commission to preclude PLECs from recovering common costs from QLECs. According to MCI, "since 259(b)(4) requires QLECs to fully benefit from these economies, PLECs may not benefit from these economies ... and thus, may not require PLECs to contribute to common cost recovery."⁷ This is absurd. There is absolutely no basis in the

⁵ GTE Comments at 17-18.

⁶ MCI Petition at 6.

⁷ MCI Petition at 5.


statute for concluding that Congress intended "fully benefit" to mean that QLECs should not contribute to common costs, and such a policy would be wholly irrational. QLECs fully benefit by gaining access to infrastructure at a reasonably negotiated cost that enables them to provide service to their customers at just and reasonable rates.

For the foregoing reasons, GTE urges the Commission to deny MCI's Petition. Allowing parties to negotiate sharing arrangements will best ensure that sharing is structured so as to meet the unique needs of each QLEC and that advanced services are available to customers of smaller LECs.

Respectfully submitted,

GTE SERVICE CORPORATION, on behalf of
its affiliated domestic telephone operating
companies

Gail L. Polivy
GTE Service Corporation
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036
(202) 463-5214

By: 
Jeffrey S. Linder
Suzanne Yelen
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, D.C. 20006
(202) 429-7000

Its Attorneys

April 30, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 30TH day of April, 1997, I caused copies of the foregoing OPPOSITION TO PETITION FOR RECONSIDERATION OF GTE SERVICE CORPORATION to be served via first class mail, postage prepaid, on:

First Class Mail, postage prepaid:

Lawrence Fenster
MCI Telecommunications
Corporation
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Karen B. Barr
Counsel for Octel Communications
Corporation
1001 Murphy Ranch Road
Milpitas, CA 95035

Mary B. Cranston
Theresa Fenelon
Pillsbury Madison & Surto, LLP
1100 New York Avenue, N.W.
Ninth Floor, East Tower
Washington, D.C. 20005

M. Robert Sutherland
A. Kirven Gilbert III
BellSouth Corporation
1155 Peachtree Street, N.E.
Suite 1700
Atlanta, GA 30309-3610

Robert M. Lynch
Durward D. Dupre
Michael J. Zpevak
Darryl W. Howard
Southwestern Bell Telephone
Company
One Bell Center, Suite 3520
St. Louis, MO 63101

Hand Delivery:

International Transcription Services
(ITS)
2100 M Street, N.W.
Suite 140
Washington, D.C. 20037


Daphne A. Johnson